



NEWS RELEASE

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FOR IMMEDIATE RELEASE

FORMER GREEN HILLS OFFICIALS PLEAD GUILTY TO PUBLIC CORRUPTION INDICTMENT

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Trenton, Mo., man and woman who formerly served as officials with the Green Hills Regional Planning Commission have entered pleas to federal charges that companies they operated and controlled received more than \$400,000 in unauthorized loans.

Michael R. Johns, 52, and **Denise K. Stottlemire**, 52, both residents of Trenton, entered pleas before U.S. District Judge Howard F. Sachs this afternoon to charges contained in a Sept. 9, 2004, federal indictment.

Johns pleaded guilty to federal program fraud. **Stottlemire** pleaded to using false documents.

The Green Hills Regional Planning Commission (Green Hills RPC), headquartered in Trenton, is an economic development agency for an 11-county area in north central Missouri. **Johns** was the executive director from 1980 to 2002, and **Stottlemire** was employed as a community planner and assistant director from 1990 to 2002. The Green Hills RPC received funds from a number of federal agencies.

Green Hills Rural Development, Inc. (Green Hills RDI) is a not-for-profit corporation formed by Green Hills RPC in 1981 to be able to receive grants, primarily from a number of federal agencies, to promote rural economic development. **Johns** was an assistant vice president on the board from 1981 to 2002, and he served as the executive vice president from 1997 to 2002. **Stottlemire** was not a board member or an officer, but performed grant administration work.

Green Hills RPC provided the staff for Green Hills RDI, and **Johns** and **Stottlemire** both

performed duties for both entities and received salaries from Green Hills RPC.

By pleading guilty today, **Johns** admitted that in 1999 he caused loans of approximately \$42,200 to be made to the Chillicothe Brunswick Rail Maintenance Authority (CBRA), a company which operated a short-line railroad between Chillicothe, Mo., and Brunswick, Mo., from the Green Hills RDI Revolving Loan Fund. **Johns** was vice president and a member of the board of directors of CBRA, as well as president and sole shareholder of another company, CS & T, which leased rail equipment to CBRA. **Johns** admitted that the board of directors had not reviewed or approved the loans to CBRA, and that the loans were in excess of the loan limit imposed by the Economic Development Administration (EDA) of the U.S. Department of Commerce, which provided the funding for the Revolving Loan Fund.

In today's plea agreement, the government contends that the actual amount of loss caused by **Johns'** illegal activity is between \$350,000 and \$500,000.

Johns submitted an annual report to the EDA for the year 1999 stating that the Revolving Loan Fund at Green Hills RDI had been operated in accordance with the regulations of EDA. At the time these loans were made to CBRA, however, **Johns** knew that the loans violated EDA regulations because they had not been approved by the board of directors and were in excess of the loan limit.

Stottlemeyre acknowledged that the government's evidence at trial would prove that she provided employment contracts that contained forged signatures of the president of the Green Hills RDI board of directors. According to today's plea agreement, **Johns** caused additional salary payments to be made to **Stottlemeyre** and himself from Green Hills RDI that had not been approved by the board of directors.

According to the federal indictment, **Johns** received \$353,355 in unauthorized wages from Green Hills RDI from 1994 to 2002, in addition to his regular salary from Green Hills RPC. **Stottlemeyre** received \$46,175 in unauthorized wages from Green Hills RDI from 1994 to 2002, in addition to her regular salary from Green Hills RPC. When an auditor questioned the additional salary payments, **Johns** and **Stottlemeyre** submitted four years of employment contracts for 1996-1999 to attempt to justify the payments. Those false employment contracts, according to the indictment, contained the forged signature of the president of the Green Hills RDI board of directors.

Under federal statutes, **Johns** could be subject to a sentence of up to 10 years in federal prison without parole, plus a fine up to \$250,000 and an order of restitution. **Stottlemeyre** could be subject to a sentence of up to five years in federal prison without parole, plus a fine up to \$250,000. Sentencing hearings will be scheduled after the completion of presentence investigations by the United States Probation Office.

This case is being prosecuted by Assistant U.S. Attorney J. Daniel Stewart. It was investigated by the Federal Bureau of Investigation and the U.S. Department of Commerce, Office of Inspector General.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow